Tells the Facts and Names the Names

CounterPunch

MARCH 1, 1995 *Written by Ken Silverstein & Alexander Cockburn* **VOL. 2, NO. 5**

The Gang's All Here!

Clinton, Tyson, Wal-Mart and the Arkansas Poultryport

A remote cow pasture in northwest Arkansas has been the focus of ardent lobbying by the Clinton White House on behalf of the president's billionaire Arkansas backers, who have been conniving to have taxpayers underwrite a commercial airport planned to have the second largest runway in the nation. Many of the major players, familiar to the public from the older and infinitely less grandiose web of dealings known collectively as the Whitewater scandal, are mustered in the Highfill airport scheme: the Walton family of Wal-Mart, Don Tyson of Tyson Foods, and Jim Blair, the man who handled Hillary Clinton's sensationally profitable commodity dealings.

Beginning in the closing years of Clinton's gubernatorial career in Little Rock and pressed by President Bill's White House adviser, Mack McLarty, the scheme is now nearing the point of no return. A cowed Federal Aviation Administration (FAA) has already bestowed millions on the Northwest Arkansas Regional Airport, whose prime function will be to ferry Tyson chickens to Japan and offer a hub for Wal-Mart's vast commercial operations. "From day one, and especially since Clinton was elected president, backers have boasted that they have a commitment from the federal government to build the airport," John Lisle, a lawyer who represents some of the families who would be displaced by the project, says. "They don't disclose the nature of that commitment, but they're absolutely confident that the project will be approved."

Planning for the airport began in mid-1990, when local powerbrokers quietly formed the Northwest Arkansas Council (NAC), a private group promoting regional development. The airport has always been its central goal, though the Council has also been chasing up money for a number of projects decorously assembled under the worthy label of "infrastructure," usually a tip-off that pork-barreling is under way.

A secretive outfit, the NAC has been demure about detailing its activities or even disclosing its membership. Jim Blair, a charter member of the group — and also the lawyer for Tyson Foods, a close friend of Bill and Hillary Clinton and the man who handled the latter's commodity trades — once described the Council as "a self-appointed ad hoc committee" comprised of people "who feel they can do something for the area because the area has been good to them and they essentially want to put something back into it."

Like Blair, most of the Council's founders had been long-time political supporters of Bill Clinton. Aside from the above mentioned Don Tyson of Tyson Foods and Sam Walton, the now deceased owner of Wal-Mart, there's also J.B. Hunt of J.B. Hunt Transport Services Inc., the country's largest full-load transportation company. All of these companies are headquartered within twenty miles of Highfill, Arkansas, a town of 92 people and the proposed airport site.

The Council's first order of business was to pressure local government bodies — city councils, municipal boards, quorum courts — to join the Northwest Arkansas Regional Airport Authority (NARAA), a quasi-public agency established to oversee the airport program. Leading the drive were Jim Blair and Uvalde Lindsey, who in the early-Eighties

■ IN THIS ISSUE ■

Special Report on Infrastructure in Rural Arkansas
or
How Clinton's Cronies are Wolfing Down the Pork

- The Concourse in the Cow Pasture
- Sky Dark With Chickens Flying Off to Tokyo
- Will They Come Home to Roost?
- How Mack McClarty Goosed the FAA

■

The Dismal Science

"Unbelievably, unemployment is too low in [northwest Arkansas]. This has caused its own share of problems — particularly for growing companies that are unable to find enough workers. That, in turn, has put inflationary pressures on wages, and that could stifle the growth."

— *Arkansas Business*, October 18, 1993

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

was Governor Clinton's liaison to the state senate and who later served as head of the Council and, later still, as staff director of the Authority. They proclaimed that the airport was vital to the region's future, and drew dolorous pictures of the area's fate if the airport plan failed: a veritable ghost region, "with main streets boarded shut, theaters and restaurants closed," as Council literature put it.

Under such duress, local counties and municipalities — seven in all — soon agreed to participate in the Authority, which was granted unusually sweeping powers. Its fourteen members, all of them appointed, can issue zoning ordinances, market bonds and condemn property. "I object to the Authority as a governmental structure, regardless of the merits of the project," says Zola Moon, a computer programmer and airport opponent. "It's an unelected board of people with tremendous power ... who are not subject to citizen oversight."

Links between the Council and the Authority are intimate. For months after the Authority was created, the Council paid the salary of its acting head, Uvalde Lindsey. At times, as many as six people have served simultaneously on both the public Authority and the private Council.

If all goes according to plan, the Northwest Arkansas Regional Airport will occupy some 2,700 acres of what is now rolling pasture land. It will have cost, at current estimates, $145 million, two-thirds which is to come from federal grants and the rest from the sale of public bonds backed by airport revenues.

The airport's prime function will be to ferry Tyson chickens to Japan and offer a hub for Wal-Mart's vast commercial operations.

Currently occupying the proposed airport site are about 50 families, a few cows and some chicken houses. Many of the residents are elderly people living in homes built by their parents. According to Lisle, just eight property owners have agreed to sell their land to the Authority and others say they'll leave their homes only if forced out.

The initial emphasis of the boosters was on the airport's potential for shippers. The Council claimed that "the air cargo carriers of the nation are looking for a location which is centrally located within the U.S. which has the airspace and airport capacity to handle wide-body aircraft."

This vision of rural northwest Arkansas becoming to air cargo what Wall Street is to finance was ludicrous, but it served as a handy cover for raking in money from Washington. Minutes from the Nov. 8, 1990 meeting of the Washington County Quorum Court show an excited Jim Blair stating that the project represented what he termed an "incredible chance to get $90 million from the federal government." Uvalde Lindsey informed the Quorum Court that "there have been three meetings with the FAA who have [sic] indicated that we have a unique opportunity to be able to enter a funding package." Furthermore, Lindsey said, the group had talked to other funding agencies which provide economic development grants and had "gotten a verbal commitment for more money than [the area has ever] gotten out of them".

The Authority's original feasibility study — conducted with a grant from the Department of Transportation — showed that its own founders stood to reap windfall profits if the airport were constructed. According to the study, the biggest winners would include:

- Major poultry firms, including Tyson Foods, Hudson Foods, and Peterson Industries, all whom helped found the NAC. "If competitive air freight rates were available, these companies estimate that Japan would become a boom market for U.S. fresh chicken products," the feasibility study states. By 1994, it predicted, with the airport open, at least five weekly 747 flights would be taking off from the airport, laden with the poultry needed to meet Japanese demand.

Tysons is already the largest chicken supplier to Japan, which imports a third of the poultry it consumes. That figure is expected to grow to one-half by the year 2000.

- Wal-Mart. The Walton clan recognized that the airport would offer immense benefits, linking its U.S. headquarters with Asian suppliers. According to the study, "Given dependable air service available at competitive rates, [Wal-Mart] would import a number of electronics, men's and women's fashion apparel product lines by air."
- J.B. Hunt Transport Co. Along with other transportation firms headquartered in the region, Hunt's firm would "provide a strong trucking base to efficiently transport the region's cargo to/from a new airport."

The airport backers planned to build an 8,800-foot runway and purchase enough land to construct two 12,500-feet runways at a future point. A runway of the latter length could accommodate jetliners capable of flying non-stop to Japan.

We checked with the FAA and it appears that among civil airports, only O'Hare in Chicago has a longer runway — 13,000 feet — than the two runways planned for the Poultryport at Highfill. The longest runway at JFK in New York is 11,351 feet; at Dulles in Washington, 11,501 feet; and at Los Angeles International, 12,091 feet.

Editors
KEN SILVERSTEIN
ALEXANDER COCKBURN

Production
TERRY ALLEN

Counselor
BEN SONNENBERG

Design
DEBORAH THOMAS

Intern
JOHN MCNEILLY

Published twice monthly except August, 22 issues a year:
$40 individuals,
$100 institutions,
$25 students/low-income
CounterPunch.
All Rights reserved.
CounterPunch welcomes all tips, information and suggestions.
Please call or write our offices.
CounterPunch, IPS, 1601 Connecticut Avenue NW,
Washington, DC 20009
202/234-9382; 202/387-7915 (fax)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Urged by powerful local leaders, the airport project sped forward. Then, in August of 1991, came a dreadful blow. The FAA issued a study demolishing the entire basis for the Council's justification for the airport. The study concluded that cargo would remain concentrated at "very busy airports near population centers where there is ample capacity available to shippers in the baggage hold of airliners ... Efforts to develop regional air-cargo airports at other locations will involve considerable expense and financial risk."

Such a conclusion threatened to doom any chance of obtaining federal support for a cargo airport. The Authority and the Council quickly shifted gears. Its members now claimed that the region desperately needed a new airport to handle passenger traffic. So great was the growth in such traffic, they said with straight faces, that existing regional facilities would soon be overwhelmed.

This claim, like the earlier cry that the nation's air cargo carriers were in desperate need of an Arkansas-basedly facility, has no relation to objective conditions in northwest Arkansas. In December of 1990, eight months before the FAA released its study, then-Airport Authority Chairman George Westmoreland described the Highfill facility as a major cargo distribution center and industrial airport which would be a "wayport" for goods. "We have Memphis, Dallas-Ft. Worth and Kansas City all within an hour of here, and FAA would certainly like to take some congestion out of the terminal control areas," he said in an interview with *Aviation Daily*. "We think we will be able to provide some passenger enplanage here, but we are probably ten years away from being where we could support major enplanage in this area."

In late 1991, Uvalde Lindsey admitted that the Authority's call for a passenger airport was purely opportunistic. He told the *Northwest Arkansas Times* that, as the newspaper phrased it, the Council had "pursued a cargo facility first because that's where the federal money seemed to be when the project first surfaced in 1990," only changing direction when "it became apparent the numbers weren't there to support a cargo airport."

As Westmoreland's comments indicate, the numbers aren't there to support a new passenger airport either. Airport backers claim that by 1998, the airport's planned first year of operation, between 300,000 and 900,000 passengers will bustle through Highfill. But the trouble is that not so far down the road in Fayetteville, some 35 miles away, is the perfectly sound airport of Drake Field. The boosters of Highfill base their estimates on the transfer of **all** Drake users to the new facility.

To this point not a single airline has agreed to move from Drake to the new airport – a step which would be foolish since per passenger fees at Drake are about $3 per head versus an estimate of $15 per head projected for the Poultryport. "It's unlikely that people from New York and Washington are going to be packing up big jetliners and flying into Highfill on a regular basis," John Lisle points out. "But proponents don't care whether they ever fly a single passenger out of this airport. The projections were simply drawn up because they are needed to win financial support from the FAA."

A $9 million grant from the FAA was approved after Mack McClarty lobbied the Department of Transportation on the Airport Authority's behalf.

Seeking to bolster its cause, the Airport Authority has been pressuring Fayetteville to cut back operations at Drake, which handles 42 flights a day and which during recent years has received more than $20 million from the FAA to pay for a microwave landing system and a radar system. This pressure has caused resentment in Fayetteville since Drake's operations bring the town some $40 million in revenues annually.

If passenger traffic really was a problem, Drake and other regional facilities could be upgraded at a fraction of the cost of the proposed new airport. But geographical and physical limitations at those other facilities don't allow for the construction of the 12,500-foot runways envisaged for Highfill. The airport's current design is virtually identical to the original plan, when proponents were proposing a cargo airport, this pressing suspicions that Tyson Foods, Wal-Mart and other companies still see the airport as an entrepot for their commercial requirements.

We talked to Pierre Sprey, an engineer and military analyst, who says such suspicions are well founded. "Regular passenger 747s don't need a 12,500-foot runway," Sprey says. "Only a laden 747 – a very heavily laden 747 – would require a runway of that length. They're clearly still thinking about moving cargo."

By now, every second bigwig in northwest Arkansas has a stake in the proposed airport. The 1993 "Who's Who" guide to business in northwest Arkansas, published by *Arkansas Business*, listed 34 firms. Executives from at least half of those companies have served on the board of the Council, the Authority, or both.

Like any tiny primal horde, the Arkansas ruling elite is incestuous by socio-biological necessity. Woodson "Woody" Bassett, a campaign operative for Clinton, has promoted the airport project as a member of the Fayetteville City Board of Directors. His family's law firm, headed up by Woody's father and several brothers, does legal work for Tyson Foods. Woody's sister, Beverly Bassett Schaffer, is the former director of the Arkansas Securities Commission who received inquiries from Hillary Clinton when the latter was seeking information on behalf of Madison Guaranty, the financial institution which sits at the heart of the Whitewater affair. Beverly's husband, Archie Schaffer, handles public relations for Tyson Foods. This is Gothic politics in the New South.

The Authority has repeatedly doled out official business to firms owned by well-connected airport backers:

- On Feb. 21, the Authority formally selected the Arkansas National Bank to provide banking services for the project. The bank was formed last June by Dan Dykema, whose wife, Lisa, is the only woman on the Authority.
- Late last year the Authority chose The Llama Co., a local investment banking firm, to underwrite the bonds which will finance the airport. The company's owner is Alice Walton, Sam Walton's daughter, an early member of the Northwest

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Arkansas Council and a woman who raised millions for Clinton's presidential run. Llama employs a host of local heavy hitters, including lawyer Field Wasson, Clinton's cousin. When Clinton won the presidency, Wasson served as the liaison between his administration and that of Jim Guy Tucker, who replaced Clinton as governor.

The Llama Co. beat out thirteen firms who bid on the bond underwriting contract. An executive from one of the losing firms told *Arkansas Business* that the Authority knew "from day one" that Walton's firm would get the contract. "We accept that this happens. It happens in our favor sometimes," the executive, who requested anonymity, told the magazine. "That's the way this business operates. But they should have told us that up front. Instead, they used our time and our money to legitimize the process."

The Llama Co. recently created a new aviation and aerospace division, which is drawing up plans for a $25 million maintenance base at the new airport. Three members of the Authority resigned when it was disclosed that they had invested in the maintenance firm.

SUBSCRIPTION INFO

Enter/renew subscription here:

- ☐ One year individual, $40
- ☐ One year institution, $100
- ☐ One year student/low-income, $25
- ☐ Please send back issue(s) _____ ($3/issue)
- ☐ I am enclosing a separate sheet for gift subscriptions

Name_____

Address_____

City/State/Zip_____

_____

Payment must accompany order.
Add $10 for foreign subscriptions.
Make checks payable to: **CounterPunch.**
Return to: IPS,
1601 Connecticut Avenue, NW,
Washington, DC 20009

- The Authority contracted Ozark International Consultants to provide staff. Ozark's principals are Lindsey and his wife, Carol, who was one of Clinton's campaign advisors during several of his gubernatorial bids.

And what sort of relationship has Bill Clinton had with the airport planned for Highfill? In 1992, then-Gov. Clinton signed legislation — proposed by an aviation task force whose members included the ubiquitous Alice Walton and drafted by Uvalde Lindsey — which allows the airport authority to establish "foreign trade zones" within the Authority's area. That means no taxes will be levied on exports or imports that move through the airport. Clinton also backed task force-sponsored legislation which offered incentives to aerospace companies moving to Arkansas.

Such support continued from inside the White House after Clinton moved to Washington. Last September, the FAA approved an Airport Authority request for $9 million, money which will be used to finance land purchases for the project. The grant was authorized after Mack McClarty lobbied Transportation Department Secretary Federico Pena on the Authority's behalf. The money came out of the FAA's Airport Improvement Funds, a discretionary account which requires no budgetary approval from Congress.

So certain were Authority officials that the money would be approved that they began conducting appraisals and taking other steps towards land purchases even before the FAA had announced its decision. They had reason to be confident. Bradley Kutchins, the FAA's Ft. Worth, Texas-based project manager for the southwest region, had already hinted to the local press that dispatch of the $9 million would not be long in coming, and said that there had "been a very close working relationship between the sponsors and the [FAA] office here."

The Clinton administration has supported another Council-backed proposal, the "Two-Ton Water Loop Project," a large water distribution center. The project originated in the early-Nineties, and federal money — some $20 million — was first authorized by the Agriculture Department in September of 1993. The Department's head at the time was Mike Espy, who later resigned when it was revealed he had accepted Super Bowl tickets, a $1,200 scholarship for his girlfriend and other tokens of esteem from Tyson Foods. Don Tyson's intimacy with the Clinton administration was also symbolized by the hefty donations he made to the president's 1992 campaign, and the chicken magnate's invitation to speak at Clinton's pre-inauguration economic summit in Little Rock.

Airport backers deny any linkages between the two projects but coincidences abound. Millard Goff, a member of the Council, is chairman of the Two-Ton project, and Carol Lindsey serves as a consultant to the reservoir program. It also seems highly probable that the Highfill facility will receive water from the Two-Ton facility, which will service the area where the airport is located.

The Council touts the social aspects of the Two-Ton project, saying it will supply water to communities where many families still have backyard wells. Cynics note that this problem has existed for years, and no one lifted a finger to help those families until the airport plan was hatched.

For four years opponents of the airport have tried unsuccessfully to interest reporters in the Poultryport affair. "The problem is that in northwest Arkansas you don't go up against somebody with more money than God," says a local activist who prudently asked to remain anonymous. "Newspapers here don't want to do battle with the likes of the Tysons or the Waltons." That doesn't explain the detached attitude of the national press, which threw itself on the Whitewater scandal for a while, but which has displayed no interest in the fragrant aromas of scandal wafting above Highfill.

"Who will pay the real cost of economic development, including the social and environmental costs?," the activist Zola Moon asks about the Highfill airport. "Who will benefit if the project fails? Who will benefit regardless because they made their money up front? Why should public money be used for what is essentially private venture capital?"

These are the bottom-line questions in a society which proclaims its faith in free enterprise on an almost hourly basis. Public money underwrites private risk, whether it is the speculation of New York's investment houses and banks in Mexico, or the Poultryport of the Arkansas plutocrats. ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED